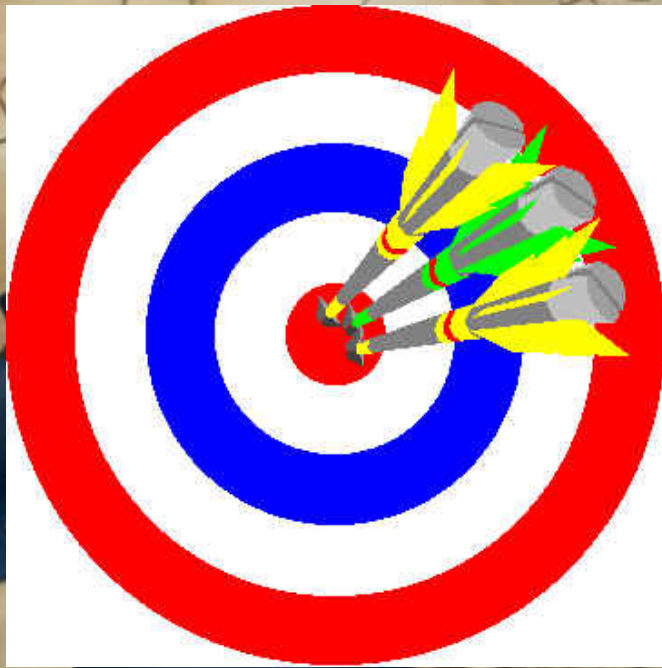


# Section 2.2 – Market Segmentation

## What You'll Learn

- What market segmentation is and the four methods used to segment a market
- Analyze a target market
- Differentiate between mass marketing and market segmentation

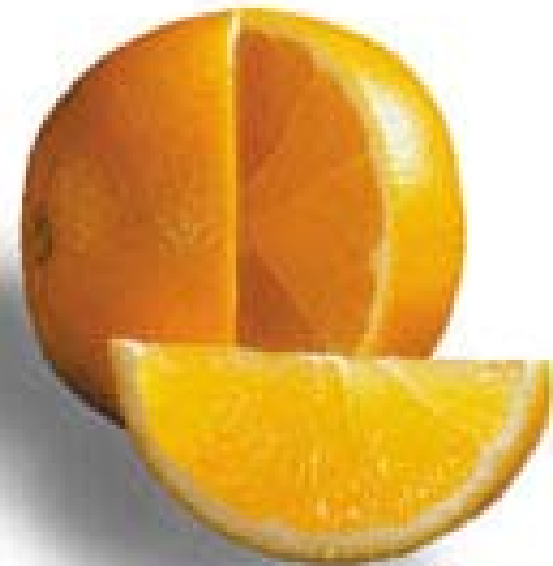
# Analyzing Markets



**Market segmentation** is a way of analyzing a market by specific characteristics in order to create a **target market**

# Types of Segmentation:

- Demographics
- Psychographics
- Geographics
- Behavioral



Demographics –  
statistics that describe  
a population in terms of  
personal  
characteristics.

- Age
  - Baby Boom Generation
  - Generation X
  - Generation Y
- Gender



- Income
  - Disposable income – money left after taking out taxes
  - Discretionary income – money left after paying for basic living necessities such as food, shelter, and clothing





- Marital Status



- Ethnic Background



U.S. Trend – The percentage of the Caucasian population is declining, while other ethnic populations increase.







# Psychographics

- Involves grouping people with similar lifestyles, as well as shared attitudes, values, and opinions.
  - Activities
  - Attitudes
  - Personality & Values

**Music teachers,  
dancers, and other  
music lovers would  
be one category of  
people who share  
psychographic  
characteristics.**

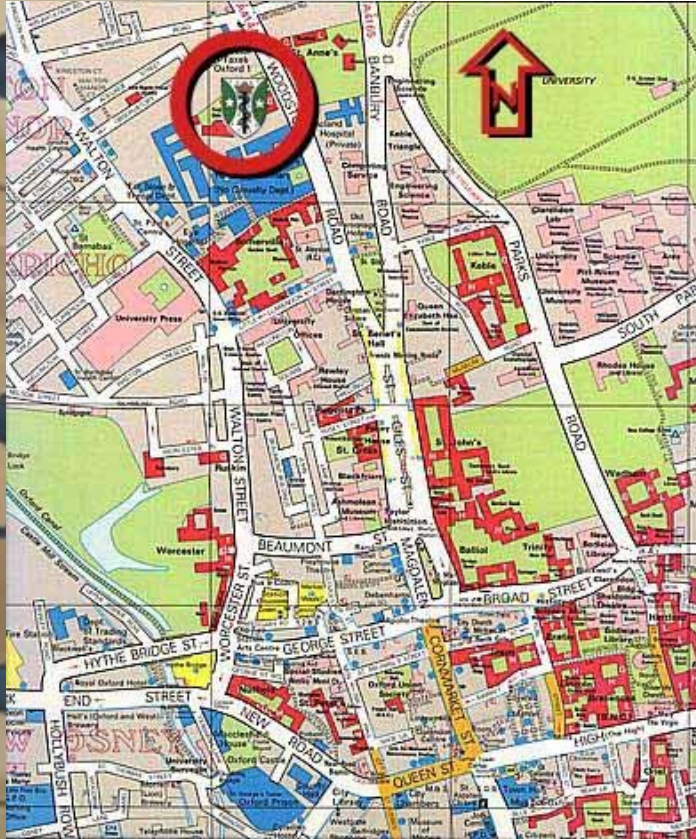


## **SRI Consulting Business Intelligence**

VALS™ is a marketing and consulting tool that helps businesses worldwide develop and execute more effective strategies. The system identifies current and future opportunities by segmenting the consumer marketplace on the basis of the personality traits that drive consumer behavior. VALS applies in all phases of the marketing process, from new-product development and entry-stage targeting to communications strategy and advertising.

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Geographics -  
Segmentation  
based on  
where people  
live





# Behavioral Segmentation

- Looking at the benefits desired by consumers, shopping patterns, and usage rate. Market benefits, not just the physical characteristics of a product







# Behavioral Segmentation

- Many businesses find that the 80/20 rule applies.
- 80 % of a company's sales are generated by 20 % of its loyal customers.

80/20



# Mass Marketing Vs Segmentation

- Mass marketing not as popular as it once was.
- Niche marketing (the current trend) – markets are narrowed down and defined with extreme precision.